

NEPCon Evaluation of Shanin V.A. IP Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

Document history

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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382
Current report completion date:	19/Mar/2020
Report authors: :	Roman Kurakin
Name of the Company:	Shanin V.A. IP, Polevaya street - 19, Tarasonavolotskaya, Arkhangelsk reg., Russia
Company contact for SBP:	Vladimir Shanin, +79212960424, shaninles@yandex.ru
Certified Supply Base:	Arkhangelsk region, Russia
SBP Certificate Code:	SBP-07- 72
Date of certificate issue:	20/Mar/2020
Date of certificate expiry:	19/Mar/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in Tarasonavolotskaya, Arkhangelsk region, Russia.

Scope description: Production of wood pellets (Tarasonavolotskaya, Arkhangelsk reg.), for use in energy production, at Shanin V.A. IP and transportation to Saint Petersburg harbour (Russia). The scope of the certificate does not include Supply Base Evaluation. The organization uses the FSC transfer system. The scope includes communication of Dynamic Batch Sustainability Data.

The end points: FCA Novy Port harbour (Saint Petersburg).

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

BP is a pellet producer situated in Tarasonavolotskaya, Arkhangelsk region, Russia. The organization is logger and sawmill and sourcing FSC 100% logs from own FSC certified leased area. BP is using production waste of the own sawmill as a feedstock for the pellet production. Only secondary feedstock (wood chips, sawdust, shavings) with FSC 100% is sourced. Raw materials FSC 100% are also used for drying. FSC transfer system of claims is used for pellet production. The final product is transported by truck to S.Petersburg sea port. Total annual production capacity of pellet plant is 6 000 tones. Pellet production has been commissioned in 2014.

5.2 Description of Company's Supply Base

The supply base of IP Shanin is the area of the forest fund of the Arkhangelsk region. In practice, round wood for processing into lumber and production of SBP-certified pellets from sawn waste comes from its own FSC-certified rental base (lease agreement with the regional forest authorities).

All wood processed by the company is FSC-certified from its own rental base. For the production of SBP pellets, SBP is the appropriate secondary raw material (sawdust), as well as FSC-certified bark and wood chips as waste from wood processing, used for the production of heat energy.

IP Shanin V. A. is a logging and timber processing enterprise. The organization manages one forest area on a long-term lease. The lease agreement allows one type of use – wood harvesting. The forest plot is located in the Ustyansk forest district of the Arkhangelsk region.

The supply base is partially located in the North-West Federal District of the Russian Federation, in one of the most forested regions of the country. The rest of the supply Base is located in the central region of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of wood on stem. The distribution of the main tree species in Russian forests has remained stable over the past decades.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development project for 10 years (based on taxation and forest management), implement measures for the conservation, protection and reproduction of forests, and each year submit a forest declaration containing a report on the implemented measures and logging volumes.

The Arkhangelsk Oblast is among the leading forest regions of Russia. The total forest area of the supply Base is 28.3 million hectares. In protective forests located along lakes, marshes and other environmentally sensitive objects, a more strict control regime is applied. The share of mature and overmature forest stands is about 3/4 of the wood stock. Conifers make up more than 80%. Within the supply Base, the annual allowable cut is not fully harvested. Underdeveloped infrastructure does not allow full use of available timber reserves.

Within the supply base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises, incl. and IP Shanin, comply with moratorium on logging in these forest areas.

Within the supply base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. For this purpose, the Forest Management plan is being developed, the activities in which are aimed at improving the silvicultural characteristics of the forest area, the implementation of continuous and sustainable forest management.

According to forest legislation, Red listed species as well as their habitats, must be preserved when timber is harvested. It is prohibited to cut protected tree species. Prohibited cutting of valuable, endangered and specially protected species of trees. The cedar (Siberian) pine (*Pinus sibirica*), two species of willow (*Salix arbuscula* and *Salix recurvigemmis*), Siberian fir (*Abies sibirica*), Siberian larch (*Larix sibirica*), black oak (*Quercus robur*), the mountain elm (*Ulmus glabra*) are listed in the Red Book of the Supply Base regions. These tree species are not allowed to be harvested, nor have companies downstream the right to purchase them.

IP Shanin uses only the following tree species for the production of pellets:

- Norway spruce (*Picea abies*) - about 50%,
- Scotch pine (*Pinus sylvestris*) - about 50%.

These species used for pellets production are not subject to the CITES Convention and are not included in the lists of the International Union for Conservation of Nature (IUCN).

The forest industry is one of the leading sectors of the economy in the regions of the supply base. The development of the social sphere (health care, education, culture) largely depends on the success of forestry. In many cases, the presence of a woodworking enterprise is critical for the existence of a whole village or city.

The socio-economic importance of the forest industry in the Northwest is also high. Industry provides employment in rural areas and is important for its well-being.

5.3 Detailed description of Supply Base

<i>Total Supply Base area (ha):</i>	28,3 ha
<i>Tenure by type (ha):</i>	100%, state
<i>Forest by type (ha):</i>	28,3 ha, boreal

Forest by management type (ha): 28,3 ha, natural, managed according to lease Agreements.

Certified forest by scheme (ha): 8,83 ha, FSC certified

5.4 Chain of Custody system

The BP is holding valid FSC Chain of Custody

NC-COC-055100

<https://info.fsc.org/details.php?id=a02f300000k3wcmAAA&type=certificate#result>

BP is implementing FSC transfer system. Both raw materials and final products are FSC 100% certified.

BP is sourcing logs exclusively from its FSC 100% certified lease area. After the reception, incoming secondary feedstock (wood chips, sawdust, shavings) is registered in BP's database and submit to pellet production.

Conversion factors are established and regularly revised based on actual production data. Pellets are produced of the secondary feedstock (wood chips, sawdust, shavings).

6 Evaluation process

6.1 Timing of evaluation activities

Onsite main assessment was conducted on 27.12.2019 (5,5 h) Assessment activities included documents review at office, inspection of production facilities and staff interviews. And desk repeated detailed verification of documents (7 h). Total 12,5 h. The next plan was planned.

Activity	Location	Date/time
Opening meeting*	Office	17/01/2020 13.30-13.45
Documents and procedures review, staff interview.	Office	13.45-15.00
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	15.00-16:00
Documents and procedures review; staff interview.	Office	16.00-18.30
Closing meeting*	Office	18.30-18.45
End of the evaluation	Office	19.00
Repeated detailed verification of documents.	Desk	28.01.2020 10.00 – 17.00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
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Roman Kurakin	NEPCon, auditor. He passed SBP lead auditor training course in Dec. 2016 in Amsterdam and participated in SBP assessment in Russia in training purposes. Role at the audit: lead auditor
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The assessment visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the annual audit evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company in the beginning of the audit. Audit started with an opening meeting attended by the SBP responsible person.

Auditor introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the auditor explained CB's approval related issues.

After that auditor went through all applicable requirements of the SBP standards nr. 2, 4, 5 and instruction document 5E covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant biomass. During the process overall responsible person for SBP system and other staff were interviewed.

6.3 Process for consultation with stakeholders

10/12/2019 the information letter (e-mail) was sent to the stakeholders. More than 100 stakeholders was informed about the assessment. No feedback has been received from them. List of informed stakeholders includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, indigenous peoples' communities (where applicable), state forestry authorities, trade unions etc

7 Results

7.1 Main strengths and weaknesses

Strength: The organization is FSC certified. All raw materials for the production of pellets (wood chips, sawdust, shavings) at the time of the audit come as FSC 100% only., small number of staff.

Weaknesses: Not found.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

During the main assessment the BP has already implemented all the requirements for collection of energy data. BP uses electricity, diesel, wood fuel. Diesel and electricity consumption is based on invoices from suppliers. The consumption of wood raw materials is based on calculations.

7.4 Competency of involved personnel

The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and FSC CoC system. BP is a small family business. The director and the heads of the pellet workshop are responsible officers for the SBP.

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Not applicable.

9 Review of Company's mitigation measures

Not applicable.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

Not found

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Olesja Puiso
Date of decision:	19/Mar/2020
Other comments:	<i>Click or tap here to enter text.</i>